

EXHIBITS

EXHIBIT D: DEPARTMENT OF BANKING AND FINANCIAL INSTITUTIONS – RESPONSE TO MAR NO. 04-A-04

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Banking and Financial Institutions



04 FEB 17 AM 9:20



February 13, 2004

Mr. Austin A. Andersen
Interim Inspector General
717 14th Street N.W.
Washington, DC 20005

Dear Mr. Andersen:

This is in response to your correspondence of February 3, 2004, transmitting Management Alert Report ("MAR") No. 04-A-04. The purpose of the MAR was to inform the Department of Banking and Financial Institutions ("DBFI") of the Office of the Inspector General's ("OIG") interim results with respect to OIG's audit of the Agency Performance Measures or Agency Key Results Measures for fiscal year 2003.

OIG concluded that of the six performance measures selected for audit, three were adequately supported by verifiable and reliable data. These performance measures were: (1) percentage of financial institutions examined to improve safety and soundness in financial institutions in the District, (2) number of reinvestment programs implemented, which help promote and create community reinvestment opportunities, and (3) number of financial literacy publications made available.

OIG further determined that DBFI did not maintain appropriate documentation to adequately support the three remaining measures that were examined. DBFI does not dispute the conclusion reached by OIG with respect to the adequacy of the supporting documentation related to these measures. However, DBFI would like to proffer an explanation relative to these findings and specify the corrective action taken by the agency to ensure that the performance measures will be adequately documented in the future.

FINDING 1: Reporting and Providing Supporting Documentation for Performance Measures

(A) Measure: Percent of complaints acknowledged within two business days.

OIG concluded: There is no evidence to support the results incorporated in DBFI's FY 2003 report.

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DBFI's Explanation: DBFI routinely sent notifications acknowledging complaints. However, DBFI did not maintain an independent log detailing the dates on which the acknowledgements were mailed.

Corrective Action: DBFI has established a detailed tracking procedure that tracks and records both verbal and written complaints and acknowledgements relative to the complaints. (See Exhibit 2)

(B) Measure: *Percent of financial institutions licenses and renewals processed within 45 days*

OIG concluded: DBFI provided unreliable reports as supporting documentation.

DBFI's Explanation: DBFI has experienced enormous difficulty with its data maintenance system licensing system ("System"). DBFI, on a number of occasions, has requested that the service provider utilize the date the license "application was complete" as the starting point for computations for this measure. The System, however, in certain instances used the date of the initial application (even though only one out of approximately 14 items necessary for processing may have been included in the file). In other instances, the System derived its computations for this measure by employing a combination of the initial license application dates with the completed application dates.

Corrective Action: Pending the correction of problems in the System, DBFI has instituted an in-house tracking system for fiscal 2004. This tracking system records the dates on which files are completed and licenses are issued.

(C) Measure: *Percent of Complaints resolved within 45 days*

OIG concluded: OIG stated that they could not verify the accuracy and reliability of DBFI's reports and that the methodology for tracking the reports was questionable.

DBFI's Explanation: The consumer complaint process was previously housed in the Safety and Soundness Division. The process was subsequently transferred to the Office of the Ombudsman. Because DBFI, at that time, did not have clear written procedures regarding the complaint process function, the Office of the Ombudsman did not adopt the prior procedure used by the Safety and Soundness Division. Consequently, the complaint procedure was not properly transferred.

Corrective Action: DBFI has completely revised its tracking of complaints. The new process properly tracks complaints and provides an adequate paper trail. (See Exhibit 2).

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Recommendation I

OIG recommended that DBFI establish policies and procedures to ensure that the performance measures are properly tracked and reported. In addition, OIG recommended that DBFI establish internal controls to ensure an adequate trail.

DBFI's Response

DBFI has established a comprehensive set of policies and procedures for tracking and reporting performance measures (see Exhibit 1). These procedures mandate effective internal controls and require specific audit trails.

Each division manager is responsible for tracking and verifying each performance measure with supporting documentation within his or her division. The senior staff, as a unit, reviews all performance measures. The budget officer verifies the accuracy of the supporting data. Finally, the Commissioner reviews the monthly report prior to its submission to the Office of the City Administrator.

Recommendation II

OIG recommended that DBFI develop a methodology for tracking performance measures that provides clear and concise explanations as to how the results were derived.

DBFI's Response

The new policies and procedures that DBFI has established will require explanations with respect to how the results were determined. For example, under the new procedures each division manager is required to maintain and review the supporting documents from which the final reports were derived. The Performance Measure Coordinator is charged with the responsibility of compiling only verified data. This data is subsequently reported to the senior staff, the budget officer, and the Commissioner.

In Conclusion

I would like to take this opportunity to commend the auditors from the OIG for their thoroughness and professionalism. The auditors were extremely courteous, enormously efficient and provided DBFI with valuable information that assisted us greatly in improving our performance measures tracking system.

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EXHIBIT D: DEPARTMENT OF BANKING AND FINANCIAL INSTITUTIONS – RESPONSE TO MAR NO. 04-A-04

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Thank you for this opportunity to comment on the MAR No. 04-A-04 interim report. If you have any questions with respect to the issues addressed herein, please call me on (202) 727-5074.

Sincerely,


Albert L. Elder, III
Interim Commissioner

cc: Mr. Robert C. Bobb, City Administrator, Office of the City Administrator
Mr. Eric W. Price, Deputy Mayor, Planning and Economic Development
Mr. Douglas D. Smith, Director, Strategic Planning and Performance Management

EXHIBITS

EXHIBIT E: CHILD AND FAMILY SERVICES AGENCY – MAR NO. 04-A-02

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



February 3, 2004

Dr. Olivia A. Golden
Director
Child and Family Services Agency
400 6th Street, S.W.
Washington, D.C. 20024

Dear Dr. Golden:

The purpose of this Management Alert Report (MAR No. 04-A-02) is to inform you of the interim results of the Office of the Inspector General's (OIG) *Audit of Fiscal Year (FY) 2003 Agency Performance Measures or Agency Key Results Measures at the District of Columbia Child and Family Services Agency (CFSA)*, OIG No. 04-1-03MA.

The CFSA reported that it had achieved all six of its performance goals. Our review found that CFSA had adequate documentation to support that it had achieved identified goals for four of its six performance measures. For the remaining two, we were unable to substantiate the results reported to the Office of the City Administrator (OCA). The details of our review and noted exceptions are described more fully in Findings 1 and 2.

These results may assist you in future performance measure planning and reporting. The CFSA should address the findings and recommendations herein. We plan to issue additional MARs addressing conditions found at eight other agencies and then issue a consolidated multi-agency audit report.

BACKGROUND

The OCA generally administers the Performance Measures Program on behalf of the Mayor. The Mayor and senior managers sign performance contracts, unique to each agency, that describe the Mayor's expectations and identify specific goals senior managers are to achieve during the fiscal year. Agencies are expected to measure performance and report results achieved to the OCA.

The performance contracts and agency key results measures are at the heart of the Mayor's performance management system. The Performance Measures Program requires accountability for each agency and employee in order to transform the District government into one that is most responsive to its citizens' needs.

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D.C. Code §§ 1-204.56a – 1.204.56b (Supp. 2003) and §§ 1-614.12 – 1-614.14 (2001) require the Mayor to develop performance accountability plans that address performance measures and report accomplishments of those measures during the fiscal year. D.C. Code § 1.614-12 requires each District government agency to develop and submit to the Council, along with annual budget submissions, a performance plan that covers all publicly funded agency activities. D.C. Code § 1-615.13 requires each agency to develop and submit to the Council, a performance report that identifies the actual level of performance achieved against the prior year's performance plan.

PRIOR AUDITS

The District of Columbia has made substantial progress in improving its performance management system over the last 4 years. For example, the District has undertaken initiatives, such as implementing performance-based budgeting, creating a performance management council, and developing data collection standards that should assist in improving overall performance management. Several of these issues have been addressed in prior OIG and General Accounting Office (GAO) reports.

On March 15, 2001, the OIG issued a report to the Mayor, No. OIG-00-2-12MA entitled, *Audit of Contract Performance Measures and the Mayor's Scorecard Measures*. The report made eight recommendations, which centered on developing internal controls to ensure that an adequate audit trail is maintained, that figures are supported, and that documents are retained in support of the performance measures. Management responses from the OCA and audited agencies adequately addressed the conditions observed and the recommendations made.

On May 15, 2003, GAO continued to review and evaluate the District's performance accountability report and made recommendations in its report entitled "*District of Columbia Performance Report Shows Continued Program Progress*," GAO-03-693. GAO reported that the District has made substantial progress in its performance accountability reports, stating that the 2002 Performance Accountability Report provided a more comprehensive review of its performance than prior reports and generally complied with the statutory reporting requirements. GAO recommended that the District: (1) prioritize the development of data collection standards and distribute guidelines to all city agencies; (2) expand its coverage to include goals and measures for all of its major activities as well as related expenditures; (3) include more complex information on the steps taken to comply with court orders during the year; and (4) conduct additional analysis of information captured in the reports to assist in managing overall performance and achieving strategic goals.

AUDIT OBJECTIVES

The audit objectives of this review at selected agencies were to: (1) verify the accuracy and reliability of performance data reported to the Mayor by agency heads; and (2) determine whether agencies have implemented internal controls to prevent or detect material errors and irregularities in reporting performance measurements.

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SCOPE AND METHODOLOGY

Our review at CFSA focused on the six performance measures listed in the table below, which also includes the results of our verification.

TABLE: Performance Measures Reviewed

No.	Selected Performance Measure Reviewed	Performance Measure Verified
1.	Increase social worker compliment to required staffing levels. FY 2003 target is 310.	Yes
2.	Increase compliance with 30-day investigation to 80 percent.	Yes
3.	Ensure that all children (100 percent) under the care and custody of CFSA have updated immunization records or are immunized prior to September of each year.	No
4.	Increase number of adoptions to 330 for FY 2003.	Yes
5.	Limit the number of infants and young children in group homes to 60.	Yes
6.	Increase number of new foster/kinship parents trained and licensed to 125.	No

We reviewed performance measure supporting documentation and reports, examined controls, and interviewed personnel with an emphasis on the procedures and processes used by CFSA to determine results that it reported to OCA. Although we consulted with OCA in the selection of agencies and performance measures to test, the OIG made the final selection.

Our intention is to incorporate the audit results of this MAR into a consolidated multi-agency audit report. The scope and methodology will be discussed more fully at that time.

AUDIT RESULTS

Our review of the agency's six performance measures shows that CFSA accurately reported the results of four measures. We concluded that CFSA reported accurately on the four measures because we were provided with documentation that supported its reported results. However, we were unable to verify the reporting accuracy of two measures CFSA reported.

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EXHIBIT E: CHILD AND FAMILY SERVICES AGENCY – MAR NO. 04-A-02

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FINDING 1: REPORTING PERFORMANCE RESULTS

Synopsis

CFSA reported to the OCA performance measure results for two performance measures based on unreliable data or without supporting documentation. We attribute the reporting of unreliable and unsupported performance results to the lack of written management controls and processes that would otherwise ensure accurate performance measure reporting. As a result of reporting inaccurate or unsupported results to OCA for two performance measures, OCA could include this information into final reports for use by others, including the City Council.

Discussion

Measure: Ensure that all children (100 percent) under the care and custody of CFSA have updated immunization records or are immunized prior to September of each year.

For FY 2003, CFSA reported to the OCA that as of September 30, 2003, 53 percent of the children in its custody were current with their immunizations. However, CSFA reported that it did not have reliable data and that the reported numbers were preliminary. CSFA also indicated that the reliability of the data needs to be improved. Supporting documentation was not verified for accuracy because the records were not readily available for our review.

Measure: Increase number of new foster/kinship parents trained and licensed to 125.

CFSA reported to the OCA that as of September 30, 2003, they recruited 357 new foster and kinship homes. However, CFSA failed to provide supporting documentation so that the reported measure could be verified.

Recommendation 1

We recommend that the Director, CFSA establish internal controls to ensure an adequate audit trail is maintained, that figures are supported, and that documents are retained in support of various measures.

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FINDING 2: CHANGING PERFORMANCE MEASURE TARGETS

Synopsis

CFSA reported to OCA performance measure targets that were different than that found in the FY 2003 Proposed Budget and Financial Plan. However, CFSA was unable to show that OCA had approved these changes. As a result, we were unable to conclude from information available at CFSA that the changes were properly approved, and that CFSA was reporting results for comparison with approved targets. We attribute this condition to insufficient management controls and processes in place at CFSA.

Discussion

In the beginning of our review of CFSA's performance measures, we found that the targets for CFSA's measures that were included in the FY 2003 Proposed Budget and Financial Plan had all changed. We asked CFSA to provide documentation that it should have obtained from the OCA granting approval to change the target number for the measures. CFSA was unable to provide such documentation.

Recommendation 2

We recommend that the Director, CFSA include management controls in its written policies and procedures to ensure that approved changes to performance measure targets are documented and retained.

CLOSING

Please provide your comments and responses to these recommendations by February 10, 2004. Your response should include actions taken or planned, target dates for completion of planned actions, and reasons for any disagreements with the issues and recommendations. You may suggest alternative actions that would resolve the conditions disclosed in this report. **Our intention is to limit distribution of this Management Alert Report until comments are received. Therefore, please circulate it only to those personnel who will be directly involved in preparing your response.**

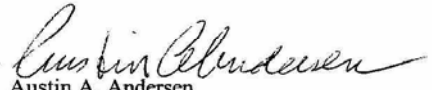
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We appreciate the cooperation and courtesies of OCA and CFSA personnel and the facilities made available to us during the audit. Should you have questions concerning this report or desire a conference before preparing your response, please call William J. DiVello, Assistant Inspector General for Audits, at 727-2540.

Sincerely,


Austin A. Andersen
Interim Inspector General



AAA/lw

cc: Mr. Robert C. Bobb, City Administrator
Ms. Lori E. Parker, Interim Deputy Mayor, Children, Youth, Families, and Elders
Mr. Douglas D. Smith, Director, Strategic Planning and Performance Management

EXHIBITS

EXHIBIT F: CHILD AND FAMILY SERVICES AGENCY – RESPONSE TO MAR NO. 04-A-02

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Child and Family Services Agency



Office of the Director

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February 10, 2004

Austin Anderson
Interim Inspector General
Office of the Inspector General
717 14th Street N.W.
Washington, D.C. 20005

Dear Mr. Anderson:

Thank you for the opportunity to respond to the Office of the Inspector General's (OIG) Audit of Fiscal Year 2003 Agency Performance Measures or Agency Key Results Measures at the District of Columbia Child and Family Services Agency (CFSA).

We are very proud to report to you that overall CFSA is making important progress toward the child outcome goals of safety, permanence, and well being. We want to stress that we are deeply committed to constant monitoring and tracking of our progress through data of the highest integrity. Our data reporting allows us to pay constant attention to children's safety and prompt movement towards permanence. We are confident that the quality assurance strategies, both quantitative and qualitative, that are now a regular and expected part of our management approach will enable us to continue to work toward the safety, permanence and well being of our children.

The OIG interim report results indicated that "CFSA reported that it had achieved all six of its performance goals." This is not correct. We reported that there was one measure (completion of investigations) that we did not meet and one measure (immunizations) for which we had not yet developed a target, and therefore, neither met nor failed to meet.

The results of the audit indicate that you were able to substantiate the data for four of the six measures reported in our Monthly Performance Measures Report. There were two items that were unable to be substantiated. These items were on immunizations and foster home recruitment.

The target for the recruitment of new foster homes was soundly met, as evidenced by the audit. The target for this measure was 125 new homes during FY03. We reported that

Olivia A. Golden, Director
400 Sixth Street, SW, Suite 5001 ♦ Washington, DC 20024
Phone: (202) 442-6001 ♦ Fax: (202) 727-8885 ♦ E-mail: Ogolden@cfsa-dc.org

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we recruited 357 such homes. The audit verified 298 new foster homes, far exceeding the target.

We were not able to provide documentation of the entire 357 because of the short time period in which we had to provide supportive documents to verify data. The audit team asked for the verification information with a very short suspense. Because of the limited amount of time, we used the information in our automated data system (FACES). The figure of 357 was produced from manual counts of new foster homes. The manual count report gives only the number of new homes created each month, which we gave to the audit team, but this was deemed inadequate to verify the new homes. The effort of manually pulling the licenses of all 357 new homes would have been an impossible task in the time allotted.

We have amended our process of reporting on this performance measure. The information reported is now exclusively pulled from FACES. No manual counts will be allowed. In this way, the electronic reports will match the data reported for the performance measure.

Supporting documentation for the immunization measure was provided to the audit team. The information was a report of children, which included social security number, date of birth, first and last name, and immunization status. The report was provided from the Department of Health, District of Columbia Immunization Program Database through the Children's Hospital, a CFSA vendor. The audit team disallowed the information because the information was not in FACES. That information is now in FACES.

Another item that the audit cited was that the performance measure targets were, in some cases, inconsistent with the targets in the FY 2003 Proposed Budget and Finance Plan. We provided to the audit team the request to amend the targets and communication from the Office of the City Administrator acknowledging the change that we requested. This also was deemed insufficient as the audit team indicated that they needed a copy of the request signed by the Mayor and me, that we did not possess.

Again, thank you for the opportunity to respond to the OIG's Audit of FY 2003. If you have questions or concerns about this report, please contact Andrea Guy, Deputy Director, Office of Planning, Policy and Program Support, (202) 724-7100.

Sincerely,



Olivia A. Golden, Director
Child and Family Services Agency

EXHIBITS

EXHIBIT G: OFFICE OF PROPERTY MANAGEMENT – MAR NO. 04-A-05

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



February 3, 2004

Ms. Carol J. Mitten
Director
Office of Property Management
441 4th Street NW, Suite 1100 South
Washington, D.C. 20001

Dear Ms. Mitten:

The purpose of this Management Alert Report (MAR No. 04-A-05) is to inform you of the interim results of the Office of the Inspectors General's (OIG) *Audit of Fiscal Year (FY) 2003 Agency Performance Measures or Agency Key Results Measures at the District of Columbia Office of Property Management (OPM)*, OIG No. 04-1-03MA.

Our review of three of seven performance measures disclosed that OPM was unable to substantiate the results reported to the Office of the City Administrator (OCA). The details of our review and noted exceptions are described more fully in Finding 1.

These results may assist you in future performance measure planning and reporting. The OPM should address the findings and recommendations herein. We plan to issue additional MARs addressing conditions found at eight other agencies and then issue a consolidated multi-agency audit report.

BACKGROUND

The OCA generally administers the Performance Measures Program on behalf of the Mayor. The Mayor and senior managers sign performance contracts, unique to each agency, that describe the Mayor's expectations and identify specific goals senior managers are to achieve during the fiscal year. Agencies are expected to measure performance and report results achieved to the OCA.

The performance contracts and agency key results measures are at the heart of the Mayor's performance management system. The Performance Measures Program requires accountability for each agency and employee in order to transform the District government into one that is responsive to its citizens' needs.

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D.C. Code §§ 1-204.56a – 1.204.56b (supp. 2003) and §§ 1-614.12 – 1-614.14 (2001) require the Mayor to develop performance accountability plans that address performance measures and report accomplishments of those measures during the fiscal year. D.C. Code § 1.614.12 requires each District government agency to develop and submit to the Council, along with annual budget submission, a performance plan that covers all publicly funded agency activities. D.C. Code § 1-615.13 requires each agency to develop and submit to the Council a performance report that identifies the actual level of performance achieved against the prior year's performance plan.

PRIOR AUDITS

The District of Columbia has made substantial progress in improving its performance management system over the last 4 years. For example, the District has undertaken initiatives, such as implementing performance-based budgeting, creating a performance management council, and developing data collection standards that should assist in improving overall performance management. Several of these issues have been addressed in prior OIG and General Accounting Office (GAO) reports.

On March 15, 2001, the OIG issued a report to the Mayor, No. OIG-00-2-12MA entitled, *Audit of Contract Performance Measures and the Mayor's Scorecard Measures*. The report made eight recommendations, which centered on developing internal controls to ensure that an adequate audit trail that is maintained, figures are supported, and that documents are retained in support of the performance measures. Management responses from the OCA and audited agencies adequately addressed the conditions observed and the recommendations made.

On May 15, 2003, GAO continued to review and evaluate the District's performance accountability report and made recommendations in its report entitled "*District of Columbia Performance Report Shows Continued Program Progress*," GAO-03-693. GAO reported that the District has made substantial progress in its performance accountability reports, stating that the 2002 Performance Accountability Report provided a more comprehensive review of its performance than prior reports and generally complied with the statutory reporting requirements. GAO recommended that the District: (1) prioritize the development of data collection standards and distribute guidelines to all city agencies; (2) expand its coverage to include goals and measures for all of its major activities as well as related expenditures; (3) include more complex information on the steps taken to comply with court orders during the year; and (4) conduct additional analysis of information captured in the reports to assist in managing overall performance and achieving strategic goals.

AUDIT OBJECTIVES

The audit objectives of this review at selected agencies were to: (1) verify the accuracy and reliability of performance data reported to the Mayor by agency heads and (2) determine whether agencies have implemented internal controls to prevent or detect material errors and irregularities in reporting performance measurements.

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SCOPE AND METHODOLOGY

Our review at OPM focused on the three performance measures listed in the table below, which also includes the results of our verification.

TABLE: Performance Measures Reviewed

No.	Selected Performance Measure Reviewed	Performance Measure Verified
1.	Complete One Judiciary Square backfill by assigning agencies vacated space through Wilson Relocations and determine restacking plan (100 percent complete by second quarter).	No
2.	Establish and complete build-out of conferencing center on the 11th floor of One Judiciary Square (100 percent complete by 3rd quarter).	No
3.	Percent of District facilities with fully operational office recycling programs according to timetable.	No

We reviewed performance measure supporting documentation and reports, examined controls, and interviewed personnel with an emphasis on the procedures and processes used by OPM to determine results that it reported to OCA. Although we consulted with OCA in the selection of agencies and performance measures to test, the OIG made the final selection.

Our intention is to incorporate the audit results of this MAR into a consolidated multi-agency audit report. The scope and methodology will be discussed more fully at that time.

AUDIT RESULTS

Our review of the agency's three performance measures disclosed that OPM was unable to substantiate the results reported to the OCA. As a result we could not verify the reporting accuracy for three measures OPM reported.

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FINDING 1: UNSUPPORTED AND CHANGING PERFORMANCE MEASURES

Synopsis

OPM reported to OCA two performance measures that were different than those found in the FY 2003 Proposed Budget and Financial Plan. OPM was unable to demonstrate to us that OCA had approved these changes. Also, OPM was unable to provide sufficient supporting documentation so that reported measures could be verified. We attributed these conditions to insufficient management controls and processes in place at OPM.

Discussion

OPM did not provide us with a copy of its FY 2003 Report of Agency Performance Measure Results. We were able to obtain a copy of OPM's FY 2003 Report of Agency Performance Measure Results from the OCA. We found that two of the measures selected for our review had changed and were not included in OPM's year-end report to OCA.

Additionally, supporting documentation provided by OPM for the selected measures was inadequate and did not support the results of the measures. Although we informed OPM on several occasions of the types of documentation that would be acceptable for determining the accuracy of reported performance measure results, we were never provided with acceptable documentation as requested.

Recommendation 1

We recommend that the Director, OPM establish internal controls to ensure that an adequate audit trail is maintained, figures are supported, and that documents are retained in support of various OPM performance measures.

Recommendation 2

We recommend that the Director, OPM include management controls in its written policies and procedures to ensure that approved changes to performance measures and performance measure targets from OCA are documented and retained.

CLOSING

Please provide your comments and responses to the recommendation by February 10, 2004. Your response should include actions taken or planned, target dates for completion of planned actions, and reasons for any disagreements with the issues and recommendations. You may suggest alternative actions that would resolve the conditions disclosed in this report. **Our intention is to limit distribution of this Management Alert Report until comments are**

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received. Therefore, please circulate it only to those personnel who will be directly involved in preparing your response.

We appreciate the cooperation and courtesies of OCA made available to us during the audit. Should you have questions concerning this report or desire a conference before preparing your response, please call me or William J. DiVello, Assistant Inspector General for Audits, at 727-2540.

Sincerely,


Austin A. Andersen
Interim Inspector General

AAA/lw

cc: Mr. Robert C. Bobb, City Administrator
Mr. Herbert R. Tillery, Deputy Mayor for Operations
Mr. Douglas D. Smith, Director, Strategic Planning and Performance Management